

FISCAL NOTE

HB 259 - SB 431

February 28, 2005

SUMMARY OF BILL: Requires the General Appropriations Act to first provide funding for the functions of education. All other functions of state government shall be funded only after funding has been provided for education functions.

ESTIMATED FISCAL IMPACT:

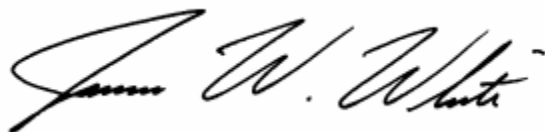
Other Fiscal Impact – To the extent estimated education needs for FY06 reflect subsequent education needs, there could be a significant shift of funds among the funds of state government, estimated to exceed \$100.0 million and up to \$500.0 million. This bill could cause the state to lose significant federal funding for other state functions due to state's reduced ability to match such federal funds.

Assumptions:

- FY06 appropriation to the Education Fund is \$3.776 billion.
- FY06 appropriation is approximately \$500.0 million below the Tennessee Higher Education Commission formula recommendation.
- Fiscal impact is dependent on the amount of funding needed for education each year.
- Enactment of this bill could require either an increased appropriation to education or a shift of funds from the general fund, highway fund, and other earmarked funds.
- Enactment of this bill could broaden the state constitutional K-12 education entitlement.
- To the extent estimated education needs of FY06 reflect subsequent education needs, there could be a significant shift of funds among the funds of state government, estimated to exceed \$100.0 million and up to \$500.0 million.
- Enactment of this bill could cause the state to lose significant federal funding for other state functions due to state's reduced ability to match such federal funds.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director